

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
----- 027462

P R 281617Z MAR 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC PRIORITY 8085

INFO AMEMBASSY ANKARA

AMEMBASSY NICOSIA

S E C R E T SECTION 1 OF 2 ATHENS 2454

EXDIS

E.O. 11652: GDS

TAGS: PFOR, GR

SUBJ: CARAMANLIS AFTER EIGHT MONTHS: A PERSPECTIVE FROM ATHENS

1. EIGHT MONTHS AGO THIS WEEK CARAMANLIS RETURNED TO GREECE AND TOOK HIS OATH AS PRIME MINISTER. IN THE INTERIM HIS OVERALL PLAN FOR GOVERNING GREECE AND TRYING TO GUIDE THE COUNTRY BACK TO A STABLE, WELL-FUNCTIONING AND INSTITUTIONALIZED REPRESENTATIVE DEMOCRACY HAS BECOME INCREASINGLY CLEAR. DESPITE CYPRUS AND OTHER MAJOR PROBLEMS, HE HAS MADE IMPRESSIVE PROGRESS, BUT THE NEXT FEW MONTHS WILL BE CRUCIAL FOR HIM, FOR GREECE, AND FOR MAJOR U.S. INTERESTS IN THIS PART OF THE WORLD.

2. THIS WAS NEVER MORE APPARENT TO ME THAN DURING A PRIVATE DINNER I HAD WITH CARAMANLIS A FEW NIGHTS AGO AT THE HOME OF A MUTUAL FRIEND WHO HAD ARRANGED THE MEETING PRIMARILY SO THAT CARAMANLIS AND I COULD HAVE A RELAXED CONVERSATION AWAY FROM THE CONSTRAINING ENVIRONMENT OF AN OFFICE MEETING. CARAMANLIS WAS RELATIVELY TALKATIVE AND CONFIDING, AND WHILE HE DID NOT DISCLOSE ANYTHING DRAMATICALLY NEW, THE EVENING GAVE ME A CLEARER IMPRESSION OF HIS PLAN OF GOVERNMENT AND WHERE HE HOPES TO GO. IT ALSO PROVIDED ADDITIONAL INSIGHTS INTO HIS THINKING ON OTHER SUBJECTS--INCLUDING CYPRUS--WHICH WE HAVE DISCUSSED ON OTHER OCCASIONS IN RECENT WEEKS, INCLUDING ONE LONG SUNDAY MEETING RECENTLY AT HIS

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RESIDENCE.

3. MANY OF THE MAJOR GOALS CARAMANLIS HAD SET FOR HIS FIRST YEAR IN OFFICE FOLLOWING HIS RETURN HAVE ALREADY BEEN ACCOMPLISHED AND OTHERS ARE WITHIN REACH. HE TOLD ME THAT THE NEXT THREE OR FOUR MONTHS WOULD DETERMINE WHETHER HE HAS BEEN SUCCESSFUL IN LAYING THE BASE FOR A SUSTAINABLE POLITICAL, ECONOMIC AND SECURITY EVOLUTION FOR GREECE FOR SOME YEARS TO COME.

4. THE POLITICAL DIMENSION OF HIS PLAN CALLED FOR THE ESTABLISHMENT OF A FULL SPECTRUM OF POLITICAL PARTIES WHILE AT THE SAME TIME AVOIDING THE POWER FRACTIONALIZATION IN THE PARLIAMENT THAT HAS BROUGHT ON REPEATED GOVERNMENT CRISES IN SEVERAL OTHER EUROPEAN COUNTRIES. HIS OVERALL PLAN ALSO CALLED FOR A CLEANSING OF THE GREEK MILITARY OF POTENTIAL PUTSCHISTS AND COUP-MAKERS, A NATIONAL REFERENDUM ON THE MONARCHY, A NEW CONSTITUTION, AND A REFORMULATED FOREIGN POLICY UPDATING GREECE'S RELATIONS WITH THE UNITED STATES, WESTERN EUROPE, TURKEY, ITS BALKAN NEIGHBORS, AND THE ARAB WORLD.

5. THE UNSETTLED CYPRUS SITUATION REMAINS A SERIOUS PROBLEM FOR HIS GOVERNMENT, BUT UNLESS SOMETHING UNFORESEEN HAPPENS OR HE MISHANDLES IT BADLY--WHICH IS ALMOST INCONCEIVABLE OF CARAMANLIS--IT IS NOT OBVIOUSLY A MAJOR THREAT TO THE VIABILITY AND SUCCESS OF HIS REGIME. SLOWLY, DEFTLY, WISELY, CARAMANLIS HAS BEEN ENDEAVORING TO INSULATE THE CYPRUS PROBLEM SO AS TO REDUCE ITS POTENTIAL FOR DISRUPTING HIS PLANS AND HOPES FOR GREECE'S FUTURE. HE DOES NOT INTEND TO ALLOW CYPRUS TO DRAG GREECE DOWN.

6. INDEED, THERE IS A REAL POSSIBILITY, WHICH I HAVE OBSERVED INCREASINGLY IN RECENT WEEKS, THAT A SCHISM WILL DEVELOP BETWEEN GREECE AND THOSE GREEK CYPRIOTS WHO REMAIN ON THE ISLAND WITHOUT RECONCILING THEMSELVES TO THE NEW REALITY THERE. WHILE PERHAPS OBVIOUS, IN THE STRONG EMOTIONAL CURRENTS WHICH HAVE SURROUNDED THE CYPRUS PROBLEM IN RECENT MONTHS IT IS PERHAPS WORTH RE-STATING THAT THE INTERESTS OF MAINLAND GREEKS AND GREEK

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CYPRIOTS DO NOT COMPLETELY COINCIDE. ONE HEARS MORE AND MORE THAT CARAMANLIS IS GIVING FOREIGN POLICY PROBLEMS LOWER PRIORITY TO CATCH AND HOLD OUR ATTENTION FROM ABROAD--AS HE AND THE GREEKS INCREASINGLY WANT TO CONCENTRATE ON THEIR OWN INTERNAL PROBLEMS.

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ACTION SS-25

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P R 281617Z MAR 75

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TO SECSTATE WASHDC PRIORITY 8086

INFO AMEMBASSY ANKARA

AMEMBASSY NICOSIA

S E C R E T SECTION 2 OF 2 ATHENS 2454

EXDIS

7. MY OWN IMPRESSION IS THAT THERE IS A GROWING FEELING IN GREECE THAT THE CYPRUS PROBLEM IS DUE TO THE CYPRIOTS THEMSELVES, TO THE PERSONAL AMBITIONS AND MACHINATIONS OF MAKARIOS, TO THE VILLAINY OF THE TURKS, TO THE STUPIDITY OF THE JUNTA, TO THE IMPOTENCE AND UNRELIABILITY OF THE BRITISH, TO MISGUIDED POLICIES OF THE U.S., TO THE IRRELEVANCE OF NATO, TO THE INEPTITUDE OF WALDHEIM AND THE UN, TO THE INDIFFERENCE OF THE SOVIET UNION AND THE THIRD WORLD, ETC., ETC. AND WHY, THEREFORE--ONE SENSES--SHOULD GREECE AND THE GREEKS PAY THE PRICE FOR ALL THIS MALEVOLENCE AND INCOMPETENCE OF OTHERS? THIS "EXTERNAL BLAME" SYNDROME IS NOT AN UNKNOWN TRAIT HERE.

8. GREECE'S BILATERAL PROBLEMS WITH TURKEY ARE FAR MORE SERIOUS. HERE VITAL NATIONAL INTERESTS--AS DISTINCT FROM ETHNO-EMOTIONAL ONES--ARE AT STAKE. CARAMANLIS IS DEEPLY CONCERNED ABOUT THE NATIONAL MOOD OF THE TURKS AND THE INTENTIONS OF THEIR LEADERS. HE HAS TRIED TO MAKE VERY CLEAR TO THEM THE DIFFERENCE BETWEEN CYPRUS AND THE GREEK ISLANDS IN THE AEGEAN.

9. AS A DIRECT CONSEQUENCE OF THE TENSIONS WITH TURKEY, CARAMANLIS HAS CONCLUDED THAT HE MUST REARM AND STRENGTHEN THE GREEK MILITARY. THIS HAS PLACED A HEAVY STRAIN ON HIS BUDGET AND THE GREEK ECONOMY, WHICH ALREADY HAS THE GREAT BURDEN OF FINANCING INCREASED OIL IMPORT

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COSTS. FACED WITH REDUCED TOURISM AND CAPITAL INFLOWS  
--AND OTHER CONSEQUENCES OF WORLDWIDE RECESSION AND  
INFLATION--HE IS THREATENED WITH A RAPID EXHAUSTION OF  
GREECE'S LIMITED FOREIGN EXCHANGE RESERVES. THE CON-  
SEQUENT NECESSITY FOR HEAVIER INTERNAL TAXATION CAN  
ALSO BE EXPECTED TO AGGRAVATE THE SOCIAL UNREST IN  
GREECE THAT WAS SUPPRESSED DURING THE LONG DICTATORSHIP.

10. ALL OF THE FOREGOING TENSIONS AND STRAINS--  
POLITICAL, MILITARY AND ECONOMIC--ARE, OF COURSE, INTER-  
RELATED, AND ALL COMBINE TO THREATEN THE SUCCESS OF  
CARAMANLIS' FIRST YEAR IN OFFICE. IN ADDITION,  
HOVERING EVER PRESENT IS THE CYPRUS PROBLEM AND, ON THE  
MAINLAND, THE INCESSANT COUP PLOTTERS WITHIN--AND  
WITHOUT--THE GREEK MILITARY. ANY OF THESE HAS THE  
POTENTIAL TO UPSET ALL OF CARAMANLIS' PLANS AND HOPES.

11. IN THIS SITUATION, WHERE DO U.S. INTERESTS LIE AND  
WHAT ACTIONS, IF ANY, SHOULD WE TAKE? IN A SEPARATE  
MESSAGE--OUR ANNUAL POLICY ASSESSMENT TO BE SENT OVER  
THIS WEEKEND--WE ADDRESS THESE QUESTIONS AND MAKE  
RECOMMENDATIONS. THIS PRESENT MESSAGE IS INTENDED TO  
GIVE SOME SUBJECTIVE IMPRESSIONS OF THE CURRENT  
SITUATION AND MOOD IN GREECE, AND--ESPECIALLY,  
AS A PRELUDE TO THAT ASSESSMENT--TO PLACE THE CYPRUS  
PROBLEM, WHICH HAS COLORED SO MUCH OF OUR BILATERAL  
RELATIONSHIPS IN RECENT MONTHS, IN A SOMEWHAT DIFFERENT  
PERSPECTIVE. WHILE CYPRUS HAS AN ENORMOUS CAPACITY FOR  
AFFECTING DEVELOPMENTS IN GREECE AND OUR OWN BILATERAL  
RELATIONSHIPS WITH THIS COUNTRY, AND THEREFORE MUST BE  
ACCORDED A MAJOR PRIORITY IN THE CONDUCT OF OUR POLICY  
TOWARD GREECE, WE MUST NEVER ALLOW IT TO BECOME THE  
DETERMINING FACTOR, NO MATTER HOW MUCH THE  
GREEKS THEMSELVES OR THE CYPRIOTS TRY TO PUSH US IN THIS  
DIRECTION.  
KUBISCH

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